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Message Text

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62
ORIGIN SS-25

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /026 R

DRAFTED BY ARA/CAR/G-J:DCNORTON:BK
APPROVED BY ARA/LA:WDROGERS
TREASURY:JABUSHNELL (DRAFT)
EB/IFD:PBOEKER S: MR. BARBIAN
ARA/LA/GC:ILEVY (DRAFT)CLGLADSON
ARA/LA:LHARRISON (DRAFT)
ARA/CAR:TJCHEAVNER(DRAFT)
ARA:WHLUERS S/S-O:PJOHNSON
A/AID:JEMURPHY
L/EB:PTRIMBLE(DRAFT)
---------- 106873
O 070051Z AUG 75
FM SECSTATE WASHDC
TO AMEMBASSY KINGSTON IMMEDIATE

C O N F I D E N T I A L STATE 186466

EXDIS

E.O. 11652: GDS

TAGS: EAID, EINV, JM, US

SUBJECT: AID RURAL EDUCATION LOAN

REFERENCE: KINGSTON 2312

FOR AMBASSADOR GERARD

1. THE SECRETARY HAS APPROVED PROCEEDING WITH THE NEGOTIA-
TION AND EXECUTION OF THE AID RURAL EDUCATION LOAN TO
JAMAICA. TREASURY HAS GIVEN ITS CONCURRENCE, AND THE MAJOR
COMPANIES HAVE BEEN INFORMED OF THE SECRETARY'S DECISION.

2. WE PROPOSE THAT YOU SEEK AN EARLY APPOINTMENT TO CONVEY
THIS DECISION TO PRIME MINISTER MANLEY AND THAT YOU DRAW
CONFIDENTIAL

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UPON THE FOLLOWING TALKING POINTS:

- IN THE INTERESTS OF GOOD RELATIONS BETWEEN THE USG AND
YOUR GOVERNMENT, THE USG IS PREPARED TO PROCEED WITH

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THE EXECUTION OF THE DOLS 9.1 MILLION AID RURAL EDUCATION SECTOR LOAN. MY STAFF WILL BE MEETING WITH OFFICIALS IN YOUR MINISTRIES OF FINANCE AND EDUCATION TO SET A TIME FOR NEGOTIATING AND SIGNING THE FORMAL AGREEMENT.

- MY GOVERNMENT DOES NOT WANT THIS ACTION TO BE INTERPRETED AS ANY CHANGE IN OUR POSITION VIS-A-VIS THE CONTINUING NEGOTIATIONS BETWEEN YOUR GOVERNMENT AND THE ALUMINUM COMPANIES. WE URGE THAT PROMPT AND MUTUALLY SATISFACTORY SETTLEMENTS BE NEGOTIATED IN EACH CASE AND BELIEVE THAT SUCH SETTLEMENTS ARE IN THE BEST INTERESTS OF ALL PARTIES.

- WE HAVE APPRECIATED YOUR GOVERNMENT'S EFFORTS TO KEEP US INFORMED OF THE PROGRESS OF THESE NEGOTIATIONS.

- AID IS NOT PLANNING ANY NEW LOANS FOR JAMAICA DURING FISCAL YEARS 1976 AND 1977 IN VIEW OF THE CONGRESSIONAL DIRECTIVE THAT, IN ALLOCATING SCARCE AID RESOURCES, PRIORITY SHOULD BE GIVEN TO THE LEAST DEVELOPED AND NEEDIEST COUNTRIES. WE ARE PLANNING, HOWEVER, TO CONTINUE OUR GRANT ASSISTANCE PROGRAM, TO BE USED LARGELY FOR FAMILY PLANNING AND HEALTH PROJECTS.

- MY GOVERNMENT UNDERSTANDS THAT THE ICSID TRIBUNAL ESTABLISHED TO HEAR THE PROCEEDINGS FILED BY THE THREE COMPANIES HAS INFORMED TWO OF THE COMPANIES AND YOUR GOVERNMENT THAT IT HAS JURISDICTION TO REVIEW THE SUBSTANTIVE MERITS OF THESE CASES. AS A CONTRACTING STATE TO THE ICSID CONVENTION, THE UNITED STATES ATTACHES GREAT IMPORTANCE TO THESE PROCEEDINGS AND TO THE INTEGRITY OF THE CONVENTION.

- THE ICSID PROCEEDINGS INVOLVE USG INTERESTS THAT GO BEYOND BAUXITE ISSUES - THOSE OF ESTABLISHING A VIABLE MECHANISM FOR THE SETTLEMENT OF TREATIES AND INVESTMENT DISPUTES, AND PROTECTING THE INTEGRITY OF INVESTMENT CONFIDENTIAL

AGREEMENTS AND TREATIES.

- I WOULD LIKE TO REITERATE MY GOVERNMENT'S HOPE THAT THERE WILL BE A MUTUALLY SATISFACTORY RESOLUTION OF ALL REMAINING ISSUES.

3. FYI: THE SECRETARY'S DECISION STIPULATED THAT NO FURTHER AID CAPITAL LENDING TO JAMAICA WOULD BE CONSIDERED UNTIL THERE IS A SATISFACTORY SOLUTION OF THE BAUXITE PROBLEM, INCLUDING THE ICSID ASPECT. THE DEPARTMENT INFORMED THE MAJOR COMPANIES OF THIS ASPECT OF THE DECISION.

4. FYI. SUBJECT TO RECEIPT OF YOUR VIEWS, STATE/TREASURY

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PROPOSES TO MAKE THE FOLLOWING POINTS IN A LOW-KEY FASHION

IN THE AID/W PRESS RELEASE ANNOUNCING THE LOAN SIGNING:

A. THIS IS AN OLD LOAN.

B. THE U.S. REMAINS COMMITTED TO THE ICSID ARBITRATION PROCEDURE.

C. THE U.S. HOPES THAT THE DISPUTE BETWEEN JAMAICA AND THE BAUXITE/ALUMINA COMPANIES CAN BE SETTLED ON A MUTUALLY SATISFACTORY BASIS. END FYI.

5. AID/W WILL BE FORWARDING NEGOTIATING INSTRUCTIONS BY SEPTEL. KISSINGER

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<< END OF DOCUMENT >>

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